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To an Address of the House of Commons, dated March 14, 1906, for copies of all correspondence between the Provincial Governments and the Dominion Government on the subject of the readjustment of provincial subsidies.

R. W. SCOTT,
Secretary of State.

OFFICE OF THE PRIME MINISTER OF THE PROVINCE OF QUEBEC,

QUEBEC, October 14, 1905.

To the Right Honourable Sir WILFRID LAURIER,
Prime Minister of Canada,
Ottawa.

HONOURABLE PRIME MINISTER,—I have the honour to forward you herewith—

- (1) a joint letter of the Honourable Mr. Murray, Prime Minister of Nova Scotia, and of the undersigned, the Prime Minister of the province of Quebec;
- (2) a letter of the Honourable Mr. Tweedie, Prime Minister of New Brunswick;
- (3) a letter of the Honourable Mr. Peters, Prime Minister of Prince Edward Island;
- (4) a letter of the Honourable Mr. Roblin, Prime Minister of Manitoba;
- (5) a letter of the Honourable Mr. Whitney, Prime Minister of Ontario; and
- (6) a letter of the Honourable Mr. McBride, Prime Minister of British Columbia.

In these letters, the leaders of the different provincial governments request you to kindly invite them to discuss with you and your colleagues, at as early a date as possible, the question of the readjustment of the subsidies which the government of Canada pays to the provinces.

Needless to say that you may call the representatives of the provinces together for whatever day best suits your convenience. Allow me, however, to acquaint you with a desire expressed by Honourable Mr. McBride, namely, to be invited to meet you at Ottawa in the end of November or the first days of December, in order that he may take advantage of a trip to eastern Canada that he is to make at that time.

Kindly accept the expression of the deep regard with which I have the honour to be most respectfully,

LOMER GOUIN.

To the Right Honourable Sir WILFRID LAURIER,
Prime Minister of Canada,
Ottawa.

SIR,—Will you allow us to draw your attention once more to the question of the readjustment of the federal subsidy to the provinces, as well as to the importance of solving, in a fair and equitable manner, the claims formulated under this head, on different occasions, by the provincial governments.

5-6 EDWARD VII., A. 1906

As you are aware, in 1887 a conference was held at Quebec, in which the representatives of all the provinces of Canada, excepting British Columbia and Prince Edward Island, took part and in the course of which, among other questions, the financial relations between the central government and the provincial authorities were discussed.

Resolutions were adopted by that conference, which were subsequently ratified by the governments and legislatures of the several provinces thereat represented.

Later, in 1902, a second interprovincial conference was held at Quebec, at which were present the delegates of the provinces of Quebec, Nova Scotia, New Brunswick, Prince Edward Island and Manitoba, and in the resolutions of which the governments of the provinces of Ontario and British Columbia acquiesced.

This meeting of the representatives of the provinces adopted resolutions relative to the matter of the federal subsidy, which, although different on some points of detail from those passed in 1887, nevertheless tended, like the latter, towards a readjustment of the sums paid by Canada under the head of subsidy to provinces that would be fairer and more conformable to the requirements of the present time.

We take the liberty of recalling the text of those resolutions:—

‘Resolved,—1. That this conference is of opinion that an equitable basis for a settlement of the amounts to be yearly paid by the Dominion to the several provinces for the support of their governments and legislatures, and in lieu of the allowance of eighty cents per head heretofore paid, may be found in the proposal following, that is to say:—

‘(A) Instead of the amounts now paid the sums hereafter payable yearly by Canada to the several provinces for the support of their governments and legislatures to be as follows:—

(a) Where the population is under 150,000	\$100,000
(b) Where the population is 150,000, but does not exceed 200,000	150,000
(c) Where the population is 200,000, but does not exceed 400,000	180,000
(d) Where the population is 400,000, but does not exceed 800,000	190,000
(e) Where the population is 800,000, but does not exceed 1,500,000	220,000
(f) Where the population exceeds 1,500,000	240,000

‘(B) Instead of an annual grant per head of the population now allowed, the annual payment hereafter to be at the same rate of 80 cents per head, but on the population of each province as ascertained from time to time by the last decennial census, until such population exceed 2,500,000; and at the rate of 60 cents per head for so much of said population as may exceed 2,500,000.

‘(C) The population as ascertained by the last decennial census to govern, except as to British Columbia and Manitoba; and, as to these two provinces, the population to be taken to be that upon which, under the respective statutes in that behalf, the annual payments now made to them respectively by the Dominion are fixed until the annual population is by the census ascertained to be greater; and thereafter the actual population so ascertained to govern.

‘(D) The amounts so to be paid and granted by the Dominion to the provinces half-yearly and in advance.

‘Resolved, That in addition to the foregoing resolution, the Dominion government be requested to consider the matter of the cost of administration of criminal justice conjointly with the other matters submitted, and in addition to the amounts that may be allowed to the provinces under the claims above set forth, to award to each an amount for that purpose commensurate with the expenditure necessary to be made in that regard.

SESSIONAL PAPER No. 96

'This conference further recommends that any apportionment of such amount should be based upon the population of each province as determined by each decennial census and should not exceed twenty cents per capitum.'

As you will, no doubt, remember, the representatives of all the provinces went to Ottawa, and, in an interview which they had with you and some of your colleagues of the federal cabinet, submitted to you the text of those resolutions some time after their adoption.

Since then the question has remained in abeyance.

The reasons which, at that time, rendered the speedy solution of the questions raised by these resolutions imperative, still exist.

Permit us to submit the brief summary supplied us by the preamble itself of the resolutions of 1902:—

'Whereas, at the time of the passing of the British North America Act, 1867, and the subsequent enactments affecting the same, it was impossible to foresee the development of the Dominion and to fix in a definite and unalterable way the distribution of the revenue so as to make sufficient provision for the central government and to furnish the various provinces with the means adequate to carry on their local affairs;

'Whereas, it was the evident intention of the framers of the Union Act, as expressed in the Quebec resolutions of 1864, and in the debates at the conference at which they were adopted, to make adequate financial provision for carrying on the affairs of the central government and those of the various provinces;

'Whereas, the financial resources of several of the provinces, as determined by the various provisions of the Union Act and of the other statutes governing the matter, are no longer sufficient to meet the expenditure necessary to carry on the public affairs of the provinces, and to promote in an efficient manner their development and progress;

'Whereas, under the various statutes now governing the financial arrangements between the several provinces and the Dominion, a specific subsidy is payable to each province, as follows:—

Ontario	\$80,000
Quebec	70,000
Nova Scotia	60,000
New Brunswick	50,000
Manitoba	50,000
British Columbia	35,000
Prince Edward Island	30,000

'Whereas, **this** subsidy was granted to the provinces for the maintenance of their governments and legislatures, but is entirely inadequate for the said purposes, and in order to attain the end for which it was granted, it would be necessary to increase it and apportion it as hereinafter provided;

'Whereas, in addition to the specific subsidy above referred to, the various provinces are allowed by the Union Act and by subsequent enactments, an annual grant of 80 cents per head of their population as established for the provinces of Ontario and Quebec by the census of 1861, and for the provinces of Nova Scotia, New Brunswick, Manitoba, British Columbia and Prince Edward Island, by the last decennial census;

'Whereas, this subsidy was granted to the provinces in consideration of the transfer to the central government of their customs and excise duties;

'Whereas, the revenue of the federal government was in 1868, \$13,687,928, of which the sum of \$11,580,968.25 was from customs and excise duties, and the revenue in 1900 was \$51,029,994, of which the sum of \$38,245,223 was from customs and excise duties;

5-6 EDWARD VII., A. 1906

‘Whereas the population of the two provinces for which the basis of the calculation of the per capita subsidy is the census of 1861, has increased as follows:—

Provinces.	Census of 1861.	Census of 1901.	Increase.
Ontario	1,396,091	2,182,947	786,856
Quebec	1,111,566	1,648,898	537,332

‘Whereas, this increase of population has imposed upon the said provinces heavier burdens in order to meet the increased cost of administration of justice, legislation, education, maintenance of prisons and asylums, agriculture, public works, charities, &c., and the other urgent demands which modern conditions impose upon them;

‘Whereas, it is but fair that in order to place the provinces in a position to meet such increased expenditure, the annual per capita subsidy be calculated according to the population of the several provinces ascertained by the preceding decennial census

‘Whereas, several of the provinces are not in a position to provide by taxation or otherwise for the additional expenditure required and were not expected to contribute for local purposes more than a certain portion of such expenditure;

‘Whereas, the additional subsidy to be paid by the government of Canada would be more than reimbursed to them by the additional customs and excise duties collected for the Dominion treasury from the increased population attracted to the country.’

The time that has elapsed since the adoption of those resolutions has not evolved new sources of revenue of sufficient productiveness for the provinces, while the development of the country has aggravated the burdens which they are obliged to carry.

Under the circumstances, we respectfully submit that the moment has come to effect a new financial arrangement between Canada and the different provinces on the basis of the resolutions of 1902, and we now pray that you fix as early a date as possible at which we can meet you to confer together on a subject so important to the future of the provinces.

G. H. MURRAY, Nova Scotia.

LOMER GOVIN, Quebec.

L. J. TWEEDIE, New Brunswick.

ARTHUR PETERS, Prince Edward Island.

NOTE.—The following paragraph was added in the case of Manitoba:—

It is, however, to be distinctly understood that in asking for this conference on the basis set forth, it shall in no way prejudice Manitoba’s claims upon the Dominion in respect to her lands.

R. P. ROBLIN,

Premier of Manitoba.

SESSIONAL PAPER No. 96

OFFICE OF THE PRESIDENT OF THE COUNCIL, ONTARIO,

TORONTO, October 7, 1905.

To the Right Honourable Sir WILFRID LAURIER,
Ottawa.

SIR,—The government of the province of Ontario desires to join with the governments of the other provinces in asking you to fix a reasonably early date at which they can meet you to confer together with reference to the resolutions adopted at the Inter-provincial Conference of 1902, at which were present representatives from several provinces, and which resolutions were concurred in later by the governments of the provinces of Ontario and British Columbia, and which were presented to you on January 27, 1903.

In joining in this request, I desire to say that having regard to the fact that the members of the present government of Ontario were not in office and therefore did not participate in the discussions, and had no connection whatever with the proceedings or the resolutions of the conference of 1902, we may not concur in or adopt in their entirety all the reasons advanced or all the resolutions adopted at the conference, and that should you accede to the request for a conference we may then desire to state specifically the reasons which commend themselves to our judgment.

J. P. WHITNEY.

PROVINCE OF BRITISH COLUMBIA,

PREMIER'S OFFICE, VICTORIA, October 4, 1905.

The Right Honourable Sir WILFRID LAURIER, G.C.M.G.,
Prime Minister of Canada,
Ottawa.

DEAR SIR WILFRID,—I am in receipt of a letter from the Honourable Mr. Gouin, Premier of Quebec, inclosing a letter proposed to be sent to you by the premiers of the several provinces of the Dominion, setting forth the grounds on which a readjustment of the federal subsidies to the provinces is asked, and requesting you to fix an early date for a conference on the question.

Inasmuch as British Columbia is asking for special consideration at the hands of the federal authorities for the reasons contained in the memorial which I had the honour of submitting to you in February last, I did not subscribe to the letter sent me by the Honourable Mr. Gouin.

I wish, however, to state that I am in hearty sympathy with the action taken by him to secure a readjustment of the financial relations between the Dominion and the provinces, and I desire to join with the premiers of the other provinces in respectfully requesting you to grant us an opportunity at an early date to discuss this important matter with you.

RICHARD McBRIDE.

5-6 EDWARD VII., A. 1906

Letter addressed to each Provincial Premier.

OTTAWA, November 15, 1905.

DEAR SIR,—I have had for some time the memorial which was placed in my hands, suggesting that new financial arrangements be made between Canada and the provinces, on the basis of certain resolutions passed by the provincial governments in 1902, and praying that I fix as early a date as possible at which the different provincial governments could meet the federal government, to confer on this important subject.

I am sorry to say that I have not yet had an opportunity of presenting this memorial to a full cabinet council. I cannot hope for such an opportunity during the sitting of the Tariff Commission, but as soon as the Tariff Commission has concluded its labours, I will at once bring your request to the attention of the cabinet.

WILFRID LAURIER.